What is claimed is:

1.   A method for modeling cost, comprising the steps of:

     receiving sales data;

     receiving cost data;

5   estimating cost per unit of product from the sales data and the cost data.

2.   The method, as recited in claim 1, wherein the determining the cost per unit of product comprises estimating inventory space in the store used by the product, which is estimated from sales data indicating volume of sales of the product and cost data indicating the frequency of product delivery.

3.   An apparatus for modeling costs, useful in association with an optimization engine, wherein the optimization engine is configured to receive input from the apparatus, and wherein the optimization engine is further configured to generate a preferred set of prices, the apparatus comprising:

     an econometric engine for receiving sales data, cleaning the data and generating imputed variables; and

a financial engine for receiving imputed variables from the econometric engine, receiving cost data, generating a cost model, and outputting the cost model to the optimization engine.

5   4.   The apparatus, as recited in claim 3, wherein the financial engine estimates inventory space in a store used by a product from the sales data and delivery data.